Statement by

Mr. Gabriel Makhlouf
Secretary to the Treasury of New Zealand

On behalf of the constituency comprising Australia, Cambodia, Kiribati, Korea (Republic of), Marshall Islands (Republic of the), Micronesia (Federated States of), Mongolia, New Zealand, Palau (Republic of), Papua New Guinea, Samoa, Solomon Islands, Tuvalu and Vanuatu
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I am privileged at these Spring Meetings to represent a constituency that is vast, in both geography and diversity. To travel it from North to South covers around 13,000 kms of land, ocean, and people. We are diverse in our cultures, histories, politics, and the economic and environmental challenges we face. We come together at the World Bank because we believe it has an enduring role to play in helping us address those challenges, within the region and beyond.

As Mr. Zoellick nears the end of his service as President, we would like to thank him for his strong leadership of the World Bank through a time of uncertainty, turbulence, and profound change, both in the Bank and the world around us.

We would also like to congratulate the incoming President Dr. Kim on his election. This was a difficult choice given the very high caliber of all of the candidates. We are pleased at the improvements to date in the selection process that have helped move the World Bank closer to being a truly modern, merit-based institution. One challenge for the incoming President will be to ensure that this spirit of positive reform is maintained and has an ongoing impact across the World Bank Group.

In this respect, we welcome the Update on the Bank’s Business Modernization process, and encourage the Bank to prioritize three areas: getting staff incentive structures right, to ensure the right people are working on the right issues at the right time; simplifying procedures to ensure results are achieved as efficiently as possible; and ensuring that the World Bank Group works as a coherent whole to maximize its impact. We would like to commend the excellent progress that the Bank and IFC have made on this last point within the Pacific region, and encourage it to continue. We feel this can be taken as a model for others.

The incoming President is inheriting a strong institution, but one that needs to continue demonstrating its relevance, efficiency and effectiveness. There remains the task of re-defining the Bank’s role and engagement with emerging and Middle Income countries, new donors, and traditional development institutions. While there are early positive signs in the global economy, substantial risks remain that may necessitate swift responses. In a heavily resource-constrained world, the demand for development results is becoming ever sharper – from donor and client countries alike.

The Global Monitoring Report provides a sobering perspective on the Millennium Development Goals that remain out of reach, in particular those closely linked to food and nutrition – maternal mortality and child mortality. There is much work to do, and while much of it will be specific to the particular needs of individual countries, many issues are best tackled through a concerted global effort – for example the trade agenda, where we must all work to do more over time to achieve results.

The process of shifting the Bank to be more focused on results has taken important steps forward, with improved access to and use of knowledge products, and the development of a new country-led Program for Results lending product. The Bank has developed important global knowledge products in the 2011 and 2012 World Development Reports on Fragile and Conflict Affected States, and Gender Equality in
Development. The Bank Group needs to maintain the momentum on applying the lessons from this work to its day-to-day operations. We are similarly pleased to see the 2013 WDR focus on Jobs, an increasingly challenging topic. The issue of how to grow while growing jobs is one of the biggest challenges – if not the biggest challenge – facing economies and policy makers around the globe. Jobs are also one of the key ways in which people directly experience the benefits of development, making this a critical point of engagement for the World Bank.

The 2013 WDR, along with our discussion today, is a useful way to reinforce the special role that the private sector can and should play in the intertwined agendas of job creation, growth, and poverty alleviation. Increasing the recognition of this role, and articulating how the public sector and multi-lateral institutions can support that role, will be key deliverables from the WDR process. We recognize the practical and intellectual challenges this WDR faces, in attempting to tackle some of the most difficult questions in modern economics. This is an area where the Bank can play a valuable leadership role in the development community, and we look forward with interest to the results.

Alongside a focus on jobs, it is opportune to address the issue of social safety nets. Efficient and sustainable safety nets are an enabler for private sector innovation, investment, and a population able to take calculated risks. They also provide a buffer to protect the most vulnerable populations from deprivation, and to help build social resilience to ensure the gains of development are not reversed in times of economic downturn. We support the Bank in its focus on this topic, and would emphasise the role the Bank can play in expanding knowledge of what works and what doesn’t; facilitating learning between the approaches of different client countries; and assisting countries to improve the design of their safety net systems so existing resources are applied more efficiently and effectively. The Bank’s role in assisting Fragile and Conflict-Affected states with social safety nets is likely to be more hands-on than the role with MICs, getting in early to assist with meeting basic needs to support longer-term development.

We support the Bank’s input into the G20 process and encourage it to continue. The Bank helped to achieve outcomes last year, in particular on food security and infrastructure, and is supporting progress this year on financial inclusion and green growth. The Bank has a further opportunity to disseminate its learnings on the Jobs WDR through its input into the G20. We encourage the Bank to further develop its role as a conduit to engage non-G20 countries in the process.

We also thank World Bank staff at all levels, Bank management and my fellow Governors for their enduring commitment to the development of our very large corner of the world. We commend the Bank Group’s ramp up of activities within the Pacific, and its effort to tailor solutions to the particular challenges of scale and distance that are faced by our Small Island/Great Ocean States. This will remain a challenge and requires ongoing and sustained attention. We thank the Bank for its ongoing support to Mongolia, as it moves through the graduation pathway to IBRD lending. We wish to see continued support from the Bank to all our constituency member countries, and with some of our members we wish to see a clearer Bank strategy set forth for engagement. We commend the Bank for its engagement in the Oceans agenda, and look forward to the translation of this into practical initiatives to assist our members. And of course, we encourage the continued evolution of the Bank’s relationship with countries such as Korea that have graduated into an increasing leadership role within the donor community, and have much to offer on development issues.